



# Notice

21 July 2016

## **Access Arrangement for the Goldfields Gas Pipeline (2015 - 2019)**

### **AMENDED FINAL DECISION, CORRIGENDA TO REVISED ACCESS ARRANGEMENT AND ACCESS ARRANGEMENT INFORMATION**

The Economic Regulation Authority (**ERA**) today published an amended final decision and amended versions of its Revised Access Arrangement and Access Arrangement Information for the Goldfield Gas Pipeline (**GGP**) issued on 30 June 2016.

The ERA has made the amendments pursuant to clause 20 of schedule 2 to the *Western Australian National Gas Access Law*.

The amendments are as detailed in the corrigenda attached to this notice.

As a consequence of some of these amendments, the total revenue approved by the ERA has increased by \$0.726 million (nominal). This has resulted in an increase of \$0.0007 per GJ for the Toll charge.

All copies of the ERA's final decision, Revised Access Arrangement and Access Arrangement Information obtained from the ERA's website prior to this notice should be corrected accordingly. Copies of the ERA's amended final decision, amended Revised Access Arrangement and amended Access Arrangement Information are available from the [ERA website](#).

For further information contact:

#### **General Enquiries**

Tyson Self  
Phone: 08 6557 7919  
Email: [records@erawa.com.au](mailto:records@erawa.com.au)

#### **Media Enquiries**

Kirsten Wren  
Phone: 08 6557 7975  
Mobile: 0428 859 826  
Email: [communications@erawa.com.au](mailto:communications@erawa.com.au)

## ATTACHMENT 1 – LIST OF AMENDMENTS

### **Minimum Term**

The ERA has replaced the minimum term for the firm service from 5 years to 12 months in the Notes on Tariffs section of Schedule A of the Revised Access Arrangement in line with Required Amendment 2 in the ERA's final decision.

### **Taxation**

The ERA has amended its model so that it is consistent with the ERA's position on taxation in its final decision as follows:

- depreciation of the tax asset base now starts from the end of the third quarter of 1996 rather than from the end of the fourth quarter of 1996; and
- estimated tax losses should be carried forward for more than one year to offset taxable income in future years.

As a consequence of these amendments, the Authority has amended the sections dealing with taxation, total revenue and reference tariffs in its final decision, Revised Access Arrangement and Access Arrangement Information as shown in the Attachments below.

## ATTACHMENT 2 – REVISED ACCESS ARRANGEMENT AMENDMENTS

### Schedule A

Amend "Five Years" to "12 months" in item 3 of the Notes on Tariffs section on page 40.

Amend the following Reference Tariff rates and allowances on page 40 to read as follows:

#### Reference Tariff, rates and allowances

<b>Toll Tariff at 1 July 2016 (\$/GJ):</b>	0.116369
<b>Capacity Reservation Tariff at 1 July 2016 (\$/GJ MDQ km):</b>	0.000620
<b>Throughput Tariff at 1 July 2016 (\$/GJ km):</b>	0.000228

## ATTACHMENT 3 – ACCESS ARRANGEMENT INFORMATION AMENDMENTS

Amend section 10.2. Setting the Tax Asset Value, on page 20, to read as follows:

71. The opening Tax Asset Base was \$63.020 million (\$ nominal) as at 1 January 2015.

Amend Table 16 in section 10.3 Benchmark Cost of Tax, on page 21, to read as follows:

Table 16 Estimated Cost of Corporate Income Tax Net of Imputation Credits

Nominal \$ million	2015	2016	2017	2018	2019	Total
<b>Revenue</b>						
<b>Tariff Revenue (smoothed)</b>	<b>73.540</b>	<b>56.175</b>	<b>34.371</b>	<b>35.559</b>	<b>35.559</b>	<b>235.204</b>
<b>Expenses</b>						
Operating expenditure	(19.211)	(19.695)	(20.135)	(20.210)	(20.728)	(99.978)
Depreciation of the TAB	(24.946)	(20.267)	(4.541)	(2.973)	(2.802)	(55.530)
Debt servicing costs	(11.432)	(11.971)	(11.895)	(11.749)	(11.590)	(58.637)
<b>Total - Expenses</b>	<b>(55.589)</b>	<b>(51.933)</b>	<b>(36.572)</b>	<b>(34.931)</b>	<b>(35.119)</b>	<b>(214.145)</b>
<b>Tax</b>						
<b>Net Income</b>	<b>17.951</b>	<b>4.242</b>	<b>(2.201)</b>	<b>0.628</b>	<b>0.439</b>	<b>21.059</b>
Tax loss carried forward	0.000	0.000	(2.201)	(1.573)	(1.134)	(4.908)
<b>Taxable income</b>	<b>17.951</b>	<b>4.242</b>	<b>(2.201)</b>	<b>(1.573)</b>	<b>(1.134)</b>	<b>17.285</b>
Income tax expense (30%)	5.385	1.273	0.000	0.000	0.000	6.658
Value of Imputation Credits (0.40)	(2.154)	(0.509)	0.000	0.000	0.000	(2.663)
<b>Cost of Tax Net of Imputation Credits</b>	<b>3.231</b>	<b>0.764</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>3.995</b>

Amend Table 18 in section 12.1 Tariff Classes, on page 23, to read as follows:

Table 18 Proposed revised reference tariff effective 1 July 2016 (Nominal \$)

Tariff component	Tariff
Toll Charge (\$/GJ MDQ)	0.116369
Capacity Reservation Charge (\$/GJ MDQ KM)	0.000620
Throughput Charge (\$/GJ KM)	0.000228

Amend Table 19 in section 14 TOTAL REVENUE [Rule 72(1)(m)], on page 25, to read as follows:

**Table 19 Total revenue (Nominal \$ million) Building Blocks**

Nominal \$ Million	2015	2016	2017	2018	2019	Total
Operating Expenditure	19.211	19.695	20.135	20.210	20.728	99.978
Return on Capital Base	22.362	22.994	22.849	22.567	22.263	113.036
Regulatory Depreciation						
<i>Depreciation</i>	7.084	11.110	11.301	11.449	11.486	52.430
<i>Inflationary Gain</i>	(5.699)	(5.748)	(5.712)	(5.641)	(5.565)	(28.365)
Regulatory Corporate Income Tax						
<i>Corporate Income Tax</i>	5.385	1.273	0.000	0.000	0.000	6.658
<i>Imputation Credits</i>	(2.154)	(0.509)	0.000	0.000	0.000	(2.663)
<b>Authority Approved Total Revenue</b>	<b>46.189</b>	<b>48.815</b>	<b>48.574</b>	<b>48.585</b>	<b>48.912</b>	<b>241.074</b>

## ATTACHMENT 4 – FINAL DECISION AMENDMENTS

Amend Tables 1 and 2 in the Key points of this Final Decision section on page 8 to read as follows:

**Table 1 Comparison of GGT's Revised Proposal and the Authority's Final Decision**

Component	GGT Revised Proposal	Authority Final Decision
Tariff Revenue (nominal \$ millions)	282.525	235.204
Forecast Operating Expenditure (nominal \$ millions)	93.789	99.978
Forecast Capital Expenditure (nominal \$ millions)	4.435	9.414
Nominal post-tax WACC (per cent)	9.67%	5.84%
Gamma	0.25	0.40
Regulatory Depreciation (nominal \$ millions)	38.263	24.065
Estimated Cost of Corporate Income Tax (nominal \$ millions)	23.572	3.995

Source: Goldfields Gas Transmission Tariff Model, January 2016; ERA, GGP Tariff Model, June 2016.

**Table 2 Comparison of GGT's Revised Proposal Tariffs and the Authority's Final Decision Tariffs (Nominal)**

Tariff Component	Tariff
<b>GGT Revised Proposal</b>	
Toll Charge (\$/GJ)	0.245608
Capacity Reservation Charge (\$/GJ km)	0.001488
Throughput Charge (\$/GJ km)	0.000458
<b>Authority Final Decision</b>	
Toll Charge (\$/GJ)	0.116369
Capacity Reservation Charge (\$/GJ km)	0.000620
Throughput Charge (\$/GJ km)	0.000228

Source: Goldfields Gas Transmission Tariff Model, January 2016; ERA, GGP Tariff Model, June 2016.

Amend Table 6 in the Total Revenue section on page 50 to read as follows:

**Table 6 Authority's Final Decision Approved Total Revenue (Nominal) Building Blocks (AA3)**

Nominal \$ million	2015	2016	2017	2018	2019	Total
Forecast Operating Expenditure	19.211	19.695	20.135	20.210	20.728	99.978
Return on Projected Capital Base	22.362	22.994	22.849	22.567	22.263	113.036
Regulatory Depreciation						
<i>Depreciation</i>	7.084	11.110	11.301	11.449	11.486	52.430
<i>Inflationary Gain</i>	(5.699)	(5.748)	(5.712)	(5.641)	(5.565)	(28.365)
Estimated Cost of Corporate Income Tax						
<i>Corporate Income Tax</i>	5.385	1.273	0.000	0.000	0.000	6.658
<i>Imputation Credits</i>	(2.154)	(0.509)	0.000	0.000	0.000	(2.663)
<b>Authority's Final Decision Approved Total Revenue</b>	<b>46.189</b>	<b>48.815</b>	<b>48.574</b>	<b>48.585</b>	<b>48.912</b>	<b>241.074</b>

Source: ERA, GGP Tariff model, June 2016.

Amend Tables 104, 105 and 106 in the Taxation section on page 402 to read as follows:

**Table104 Authority Approved Calculation of Estimated Cost of Corporate Income Tax (AA3)**

Nominal \$ million	2015	2016	2017	2018	2019	Total
Revenue						
Tariff Revenue (smoothed)	73.540	56.175	34.371	35.559	35.559	235.204
Expenses						
Operating Expenditure	(19.211)	(19.695)	(20.135)	(20.210)	(20.728)	(99.978)
Debt Servicing Costs	(11.432)	(11.971)	(11.895)	(11.749)	(11.590)	(58.637)
Tax Depreciation	(24.946)	(20.267)	(4.541)	(2.973)	(2.802)	(55.530)
Taxable Income	17.951	4.242	(2.201)	(1.573)	(1.134)	17.285
<b>Estimated Cost of Taxable Income (30 per cent of taxable income)</b>	<b>5.385</b>	<b>1.273</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>6.658</b>

Source: ERA, Tariff Model, June 2016.

**Table105 Authority Approved Estimated Cost of Corporate Income Tax (AA3)**

Nominal \$ million	2015	2016	2017	2018	2019	Total
Estimated Cost of Taxable Income	5.385	1.273	0.000	0.000	0.000	6.658
Value of Imputation Credits	(2.154)	(0.509)	0.000	0.000	0.000	(2.663)
<b>Authority Approved Estimated Cost of Corporate Income Tax Net of Imputation Credits</b>	<b>3.231</b>	<b>0.764</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>3.995</b>

Source: ERA, Tariff Model, June 2016.

**Table106 Authority Approved Estimated Closing Tax Asset Base (AA3)**

Nominal \$ million	2015	2016	2017	2018	2019
Opening Tax Asset Base	63.020	42.789	25.394	21.622	19.245
Authority Forecast Capital Expenditure	4.715	2.872	0.769	0.597	0.461
Authority Forecast Tax Depreciation	(24.946)	(20.267)	(4.541)	(2.973)	(2.802)
<b>Authority approved Estimated Closing Tax Asset Base</b>	<b>42.789</b>	<b>25.394</b>	<b>21.622</b>	<b>19.245</b>	<b>16.905</b>

Source: ERA, Tariff Model, June 2016.



**Amend Tables 112 and 113 in the Reference Tariffs section on pages 457 and 458 (respectively) to read as follows:**

**Table 112 Authority’s Approved Final Decision Reference Tariff (Nominal \$)**

Tariff Component	Tariff
Toll Charge (\$/GJ MDQ)	0.116369
Capacity Reservation Charge (\$/GJ MDQ KM)	0.000620
Throughput Charge (\$/GJ KM)	0.000228

Source: ERA, GGP Tariff Model, June 2016.

**Table 113 Authority’s Approved Final Decision Reference Services Revenue (AA3)**

\$ million	NPV
Authority Approved Total Revenue Allocated to Reference Services	203.941
Authority Approved Reference Services Revenue	203.941

Source: ERA, GGP Tariff Model, June 2016.